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NEWS RELEASE

October 15, 2007

Criminal Fraud and Theft Charges Filed in "Letter of Credit" Lending Scheme ***Ostler promised investors would get millions in loans after investing \$130,000 ...***

SALT LAKE CITY, Utah – Michael D. Ostler, of Cedar Hills, was charged today by the Utah Attorney General's Office with four counts of securities fraud, two counts of theft, and one count of racketeering for taking \$130,000 from four investors in 2003 based on promises that Ostler and his company, Canrose Refining of Arizona, would get investors millions of dollars in funding via "letters of credit" issued by an unnamed European bank. Investors never received the promised letters of credit and did not receive refunds of their fees.

The criminal charges allege that Ostler told the investors that if they paid an up-front fee, they would receive letters of credit from a bank in Europe. Ostler told investors they could withdraw money from the letter of credit and use the funds for making loans, investing, purchasing real estate, or paying debts. When the letter of credit matured in two years, any profits the investors earned from using the letter of credit would be split between the investors and Canrose. For an up-front fee of \$15,000, investors were promised letters of credit for \$2.5 million. One investor was later told that an additional \$5,000 would result in a second letter of credit for \$8.3 million.

The charging documents state that Ostler admitted to investigators that he falsely told investors that letters of credit had already been issued and lied when he told investors that all the fees they paid would be used for expenses in setting up the letters of credit. In fact, Ostler is alleged to have told investigators that he spent all the money on his salary, travel, and living expenses.

One of the investors was a 73-year-old widow who lived on a fixed income. Her investment was made from a \$40,000 home equity loan urged by Ostler. The state alleges that when he did not pay off her loan in two weeks as he promised, she lost her home to foreclosure.

The charging documents explain how the money raised from investors was used for Ostler's personal expenses including over \$14,600 spent on gas, travel, and food, \$17,100 withdrawn as cash, \$3,300 paying utility bills, \$17,000 on payments to relatives or transfers to other accounts, and \$10,000 paid to a car dealership. None of the investors received any letters of credit.

The state alleges that Ostler engaged in securities fraud based on the false statements he made to investors. The theft counts are based on his using the money for personal expenses. Ostler also was charged with one count of engaging in a pattern of unlawful activity for using money from investors to promote an unlawful enterprise.